

NORTHERN CANADA MINES, LIMITED

Annual Report

FOR THE YEAR ENDED SEPTEMBER 30, 1976

DIRECTORS

A. G. KIRKLAND Saint John, New Brunswick
D. A. MACFARLANE Saint John, New Brunswick
DR. A. L. McALLISTER, Fredericton, New Brunswick
L. McC. RITCHIE Saint John, New Brunswick

OFFICERS

L. McC. RITCHIE *President*
A. G. KIRKLAND *Vice-President*
D. A. MACFARLANE *Secretary and Treasurer*
MRS. M. JONES *Ass't.-Secretary*



NORTHERN CANADA MINES, LIMITED

(Incorporated under the laws of Ontario on January 24, 1938)

Information Circular

1. **Annual Meeting and Revocability of Proxy:** This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the annual meeting of the shareholders of the Corporation to be held at Toronto, Ontario on March 31, 1977 for the purposes set forth in the notice of meeting.

A shareholder executing a proxy has the right to revoke it at any time before it is exercised.

2. **Persons or Companies Making the Solicitation:** This solicitation is made by the management of the Corporation at the Corporation's expense. Proxies given to the management will be voted at the meeting in accordance with the specifications given by the shareholder in the proxy with respect to the matters to be acted upon. However, the proxy is conferring discretionary authority with respect to amendments or variations to matters identified in the notice of the meeting or other matters which may properly come before the meeting.
3. **Interest of Certain Persons and Companies in Matters to be Acted Upon:** There are no matters proposed to be acted upon other than to receive the financial statements of the Corporation for the year ended September 30, 1976 together with the report of the auditors thereon, to receive the report of the directors, to elect directors and to appoint auditors and authorize the directors to fix their remuneration.
4. **Voting Shares and Principal Holders Thereof:** At February 14, 1977, there were 1,560,000 common shares outstanding, each entitled to one vote. Only shareholders of the Corporation of record at the time of the meeting will be entitled to vote at the meeting. By authority of a resolution of the directors of the Corporation, instruments appointing proxies to be used at such meeting must be deposited with the Secretary of the Corporation or its transfer agent, The Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, M5J 1T8, at least 48 hours preceding the time of the said meeting.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY AND MAY DO SO BY FILLING IN THE NAME OF THE APPOINTEE IN THE SPACE PROVIDED ON THE PROXY AND CAUSING IT TO BE FILED WITH THE CORPORATION OR ITS TRANSFER AGENT AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING.

On the basis of information available to the Corporation, the following are the names of shareholders who each owned more than 10% of the voting rights attached to all of the equity shares of the Corporation.

Name	Number of shares	Class of shares	Percentage of outstanding equity shares represented
Atlantic Coast Copper Corporation Limited	253,271	Common	16.2%
J. D. Irving Limited	210,000	Common	13.5%
K. C. Irving Limited	320,000	Common	20.5%

5. **Election of Directors:** There are presently four (4) directors of the Corporation. The shareholders at the annual meeting will be asked to elect five (5) directors.

The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: J. E. Irving, A. G. Kirkland, D. A. Macfarlane, Dr. A. L. McAllister, L. McC. Ritchie.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. In the event that prior to the annual meeting, any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any such nominees would be unwilling to serve as a director, if elected. L. McC. Ritchie is the President of the Corporation, A. G. Kirkland is the Vice-President and D. A. Macfarlane is the Secretary and Treasurer of the Corporation at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

Proposed nominee	Principal occupation	Director since	Number of shares owned
J. E. Irving	Executive, Irving Oil Limited	—	—
A. G. Kirkland	Mining Engineer and Vice President, Consolidated Rambler Mines Ltd.	1972	—
*D. A. Macfarlane	Chartered Accountant and Treasurer, Consolidated Rambler Mines Ltd.	1971	—
*Dr. A. L. McAllister	Professor of Geology, University of New Brunswick	1974	—
L. McC. Ritchie	Lawyer and President, Cons. Rambler Mines Ltd.	1971	76

* Members of the audit committee

6. **Remuneration of Management:** Direct remuneration paid to directors and senior officers during the 1976 financial year amounted to \$400.
7. **Interest of Management and Others In Material Transactions:** None.
8. **Appointment of Auditors:** It is intended to vote the proxy to reappoint Messrs. Coopers & Lybrand, who were first appointed in 1971.
9. **Management Contracts:** None.
10. **Particulars of Matters to be Acted Upon:** Other than the matters referred to in the notice of meeting, the management of the Corporation knows of no matters to come before the meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors submit herewith the annual report of the Corporation for the year ended September 30, 1976 which includes the audited financial statements of the Corporation for that period.

Net earnings for the year increased modestly due primarily to an improvement in income. We reported last year that negotiations with the Hanna Mining Company, which has a lease on the Corporation's iron property in Western Ontario, had resulted in an increase of advance royalties from \$10,000 per annum to \$13,500 per annum. The accounts for 1976 are the first full year to reflect this increase. The amendment to the agreement with Hanna Mining Company covers a three year period which commenced on October 1, 1975.

There were no changes in the Corporation's security holdings during the year other than the exchange of shares of First Orenada Mines Limited for shares of Brominco Inc. This was a result of an agreement of amalgamation between First Orenada and seven other mining companies under the provision of the Quebec Companies Act. Among other things, the agreement provided shareholders of First Orenada would receive one share of Brominco for each 100 shares of First Orenada, with fractional shares paid for in cash on the basis of \$1.50 per share of the amalgamated company. The information circular issued in connection with the amalgamation expressed the intent of management to list the shares of the amalgamated company on the Montreal and Toronto Stock Exchanges as soon as possible after the amalgamation. As yet, the shares have not been listed.

The Corporation's mining properties have been maintained in good standing but no active work was carried out on them in the 1976 year. It is the view of management that current metal markets are such as to preclude the possibility of near term development although there is considerable potential in the long term.

Your Corporation owns 613,200 shares of Consolidated Rambler Mines Limited which is 20.6% of the outstanding shares of that company. The current year has been a difficult one for Rambler and, following a reduction of approximately 50% of its employees and operations in September, 1976, the company has recently announced it is taking steps which could lead to full operations later in 1977. It is our hope economic conditions in the industrialized countries of the world will begin to improve at a faster rate than at present with a resultant strengthening of metal prices.

Early in October, 1976, Mr. David H. Allen, a director of this Corporation since 1974, passed away. While, due to health problems, Mr. Allen's active participation in the affairs of the Corporation was limited, his presence will be missed. You will note from the information circular, Mr. J. E. Irving has offered to serve as a director in his place. Mr. Irving has an extensive business background and it is our view that he can make an effective contribution to the affairs of your Corporation.

Saint John, N. B.

February 15, 1977

On behalf of the Board,

L. McC. RITCHIE,
President

NORTHERN CANADA MINES, LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 1976

A S S E T S

	1976 \$	1975 \$
Current Assets		
Cash	2,552	2,059
Accounts receivable	402	235
Short-term deposit	65,000	60,000
	<u>67,954</u>	<u>62,294</u>
Investments — (note 1) (quoted value 1976 — \$932,155; 1975 — \$710,244	612,526	612,527
Mining Property (note 2)	50,796	50,796
Office Furniture and Equipment — at nominal value	1	1
Deferred Exploration Expenses Less Amorization (note 2)	156,725	159,472
	<u>888,002</u>	<u>885,090</u>

L I A B I L I T I E S

	1976 \$	1975 \$
Current Liabilities		
Accounts payable	1,122	1,050

S H A R E H O L D E R S ' E Q U I T Y

Capital Stock		
Authorized — 3,000,000 shares of no par value		
Issued and fully paid — 1,560,000 shares	1,340,000	1,340,000
Deficit	453,120	455,960
	<u>886,880</u>	<u>884,040</u>
	<u>888,002</u>	<u>885,090</u>

SIGNED ON BEHALF OF THE BOARD

L. McC. RITCHIE, Director
D. A. MACFARLANE, Director

A U D I T O R S ' R E P O R T T O T H E S H A R E H O L D E R S

We have examined the balance sheet of Northern Canada Mines, Limited as at September 30, 1976 and the statements of earnings and deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1976 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

October 14, 1976

COOPERS & LYBRAND

Chartered Accountants

NORTHERN CANADA MINES, LIMITED

STATEMENT OF EARNINGS AND DEFICIT

For the Year Ended September 30, 1976

	1976 \$	1975 \$
Income		
Royalties received (net)	10,984	8,700
Less: Amount transferred to deferred expenses (note 2)	2,747	2,176
	8,237	6,524
Interest earned	5,336	4,649
	13,573	11,173
 Expenses		
Legal and audit	840	800
Directors' fees	400	400
Office and general	8,940	8,394
Property taxes	187	260
Exploration expenses	366	1,015
	10,733	10,869
 Net Earnings For The Year	2,840	304
Deficit — Beginning of Year	455,960	456,264
 Deficit — End of Year	453,120	455,960
 Earnings Per Share	.002	.000

NORTHERN CANADA MINES, LIMITED

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the Year Ended September 30, 1976

	1976 \$	1975 \$
Source of Working Capital		
From earnings —		
Net earnings for the year	2,840	304
Portion of royalties received transferred to deferred expenses	2,747	2,176
	5,587	2,480
Sale of Investments	1	—
	5,588	2,480
Use of Working Capital		
Purchase of investments	—	9,585
Increase (Decrease) in Working Capital	5,588	(7,105)
Working Capital — Beginning of Year	61,244	68,349
Working Capital — End of Year	66,832	61,244

NORTHERN CANADA MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 1976

	Number of shares	Recorded value \$	Quoted value \$
1. INVESTMENTS			
The corporation's investments consist of:			
Consolidated Rambler Mines Limited — at cost	613,260	576,448	932,155
Brominco Inc. — at cost	832	36,061	—
Miscellaneous companies — at nominal value		17	—
		612,526	932,155

During the year the corporation exchanged 83,250 shares of First Orenada Mines Limited for 832 shares of Brominco Inc. This was in accordance with an amalgamation agreement between eight mining companies of which First Orenada Mines Limited was one.

2. MINING PROPERTIES

- (a) The amount of \$50,796 shown on the balance sheet represents the cost of 160 acres located in Carnegie Township, Timmins Area. The company has also acquired from time to time other properties through staking and other methods. The cost of acquisition of these properties has been included in deferred exploration expenditure. At September 30, 1976 the company held the following additional properties:

Savant Lake —

31 mineral claims leased from the Province of Ontario in the Savant Lake Area of Western Ontario, subject to prospector's interest of 13%.

The company has leased the aforementioned mining claims to the Hanna Mining Company under a royalty agreement of which the first revision expired September 30, 1975. A second revision has been negotiated to continue until October 1, 1978, providing a royalty payment of \$13,500 per year. Up to September 30, 1976 the company has received (net of the interest as set forth above) \$231,023 on account of royalties, \$10,984 being received in the current year. The company has adopted a policy of transferring 25% of net royalties received to deferred exploration expenditures until all of the costs incurred on the Savant Lake claims have been recovered.

Jutten Township —

4 patented mineral claims in Jutten Township, Port Arthur Mining Division of the Province of Ontario.

The Labbe Group —

A 25% interest in two development licences located in the Township of Adstock and Thedford, Province of Quebec.

- (b) Should the company commence milling operations on the Carnegie Township property, an addition amount of \$150,000 plus 10% of net profits is payable to the vendor if stated minimum quantities are mined.
- (c) The amounts shown for mining properties and deferred exploration expenses represent costs to date less amounts written off and do not necessarily reflect present or future values.

3. SENIOR OFFICERS' REMUNERATION

During the year ended September 30, 1976 the direct aggregate remuneration paid by the company to the directors and senior officers of the company was \$400.

